

Message Text

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ACTION EUR-12

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FM AMEMBASSY ROME
TO SECSTATE WASHDC 1982
INFO AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL TURIN

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TAGS: BDIS, ELAB, IT
SUBJ: TORRINGTON COMPANY PROBLEM

REF: A) ROME 0761; B) GENOA 0015

1. REFTEL A) REPORTED JANUARY 1978 TENTATIVE SETTLEMENT OF TORRINGTON COMPANY PROBLEM WHEREBY GEPI, ITALIAN STATE SALVAGE AGENCY FOR FINANCIALLY AILING COMPANIES, HAD SIGNED LETTER OF INTENT TO ENTER INTO CONTRACT BY FEBRUARY 28 TO PURCHASE ASSETS OF TORRINGTON'S GENOA PLANT, WITH EXCEPTION OF NEEDLE-MAKING MACHINERY. ROBERT WASSUNG, TORRINGTON INTERNATIONAL VICE PRESIDENT, AND UMBERTO CALVI, FORMER GENOA PLANT MANAGER, CALLED AT EMBASSY TO REPORT THAT GEPI-ALBEIT LATE - TODAY SIGNED PURCHASED CONTRACT AS ENVESAGED IN LETTER OF INTENT. LONG-STANDING CASE, WHICH HAS INVOLVED OCCUPATION OF TORRINGTON PLANT BY WORKERS SINCE JUNE, 1975, IS THUS NEARING CONCLUSION, WITH CHANCES OF ANYTHING FURTHER GOING OFF TRACK "ONLY ONE OUT OF TEN", ACCORDING TO WASSUNG.

2. TERMS OF PURCHASE CONTRACT INCLUDE:PROVISION FOR TAKING IN-LIMITED OFFICIAL USE

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VENTORY UNDER SUPERVISION OF GENOA MAYOR'S OFFICE OF A) FIXED ASSETS AND MATERIAL-IN-PROCESS, WHICH GEPI IS TAKING OVER, AND B) NEEDLE-MAKING MACHINERY, WHICH TORRINGTON RETIANS AND WILL REMOVE AFTER INVENTORY; FOREGOING STEPS ARE TO BE ACCOMPLISHED WITHIN SIX MONTHS FRON END OF MAY, AFTER WHICH PAYMENTS TO TORRINGTON COMMENCE; GEPI ASSUMES RESPONSIBILITY FOR RELATION

WITH WORKERS OCCUPYING PLANT
I.E., TO ALLOW INVENTORY COUNT AS WELL AS REMOVAL TORRINGTON
MACHINERY. PRICE OBTAINED BY TORRINGTON REMAINED AT 1.1
BILLION LIRE (\$ 1.3 MILLION). WHILE MARKET VALUE SEVERAL TIMES THIS
AMOUNT, TORRINGTON EXECUTIVES FEEL PRICE IS REASONABLE,
CONSIDERING LACK OF ALTERNATIVES FOR TORRINGTON. CARRYING CHARGES
FOR MAINTAINING OCCUPIED PLANT WAS COSTING TORRINGTON ABOUT A MILLION
DOLLARS PER YEAR.

3. AS FOR GEPI, ITALIAN ENTITY HOPES TO DISPOSE OF PLANT TO
LEBOSSEY OF FRANCE, BUT THESE PLANS ARE STILL IN THE AIR. MEAN-
WHILE, GEPI CONTINUES BEING RESPONSIBLE FOR PAYING 360 RE-
TRAINING WORKERS THROUGH WAGE SUPPLEMENT FUND, ALTHOUGH A LARGE
PORTION OF THESE ARE REPORTEDLY WORKING IN OTHER JOBS BY NOW.
COMPANY EXECUTIVES POINTED OUT INTERESTING FACET OF NEGOTIATIONS
IN THAT GEPI SIDE WAS OBLIGED TO PAY ATTENTION TO "WHAT METAL-
WORKERS UNION WANTED" IN TERMS OF DISENGAGEMENT AND FUTURE PLANS,
INSTEAD OF FOLLOWING THEIR OWN PROFESSIONAL ASSESSMENT. THUS,
UNION STILL HOPES TO RE-INSTALL NEEDLE-MAKING CAPACITY TO
PLANT, WHILE GEPI MANAGERS REALIZE THIS UNECONOMICAL, SINCE ITALIAN
MARKET FULLY SERVED FROM EUROPEAN AND U.S. SOURCES--
INCLUDING TORRINGTON--WHICH CONTINUES HOLD 25 PERCENT OF
ITALIAN MARKET SHARE. GARNER

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